

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C.

Administratively Restricted

MEMORANDUM

October 24, 1962

TO: Walter W. Heller

FROM: David Lusher

SUBJECT: Tracking impact of Cuban Crisis on the economy

A. Types of Information Flow

1. Commodity prices: CEA has selected a number of spot price items which are already available. These are both commodity group indexes and selected commodities. In addition, commodity futures are adequately reported every day in the New York Times.
2. Commerce, Business and Defense Services Administration, is planning to provide:
 - a. Reports on daily price developments for certain industrial raw materials. A list of items for this and the following information will be sent over tomorrow morning. And a first tabulation will be available late tomorrow afternoon.
 - b. The industrial specialists will attempt to identify and report on possible tight inventory and capacity situations for materials and components. The first report on this is to be done Friday.
 - c. The industrial specialists, in connection with (b) or independently will attempt to identify areas in which there are sudden, marked increases in orders.
3. Commerce, Office of Business Economics, is planning to provide current and historical compilations of data for a number of consumer durable goods. To the extent possible, the compilations will cover production, sales, inventories at the manufacturing, wholesale, and retail levels. This should help in getting some sense of supply capabilities.

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4. Labor is planning to provide information sent in by their reporters who have been notified to look for any unusual signs of price rise or hoarding in foods and other commodities. This could be worked out systematically as a weekly or more frequent (even daily) series of summary reports from the regional offices where reporters will send their findings. Reporters should be asked to send in "not-much-doing" notices, if that is the case, rather than be silent. Labor has been considering but not yet gone into a semi-monthly or weekly sampling survey but could and would if required; the expense would be quite appreciable. Similarly, they could step-up the wholesale survey.
5. CEA will use the weekly FHA reports on applications for detection of a possible run on housing. It would also be useful to get FHA field offices to report weekly as to whether they detect any spurt in activity, apart from application showings.

B. Working Arrangement

Labor and Commerce (OBE) have agreed to do the tabulations forwarding, by phone and messenger, to CEA. I presume that Commerce (BDSA) will do the same. CEA will pull all of the information together into a uniform, single presentation. Parallel with setting-up and maintaining a systematic tabulation for regular reporting, it would be well to select a comparatively small number of key items, perhaps varied from time to time, that would be watched "continuously," and reported in the form of a series of notes. For example, instead of waiting for the usual inflow of data covering consumer durables telephone calls to one or two manufacturers and retail outlets could disclose any significant development. If there was to be a sharp increase in consumer or retail takings of durable goods it doesn't require an elegant sample survey to disclose the activity -- it would be fairly widespread and recognizable through the experience of very few sources of supply.